



SOCIAL TRANSFERS: CONDITIONAL CASH TRANSFERS

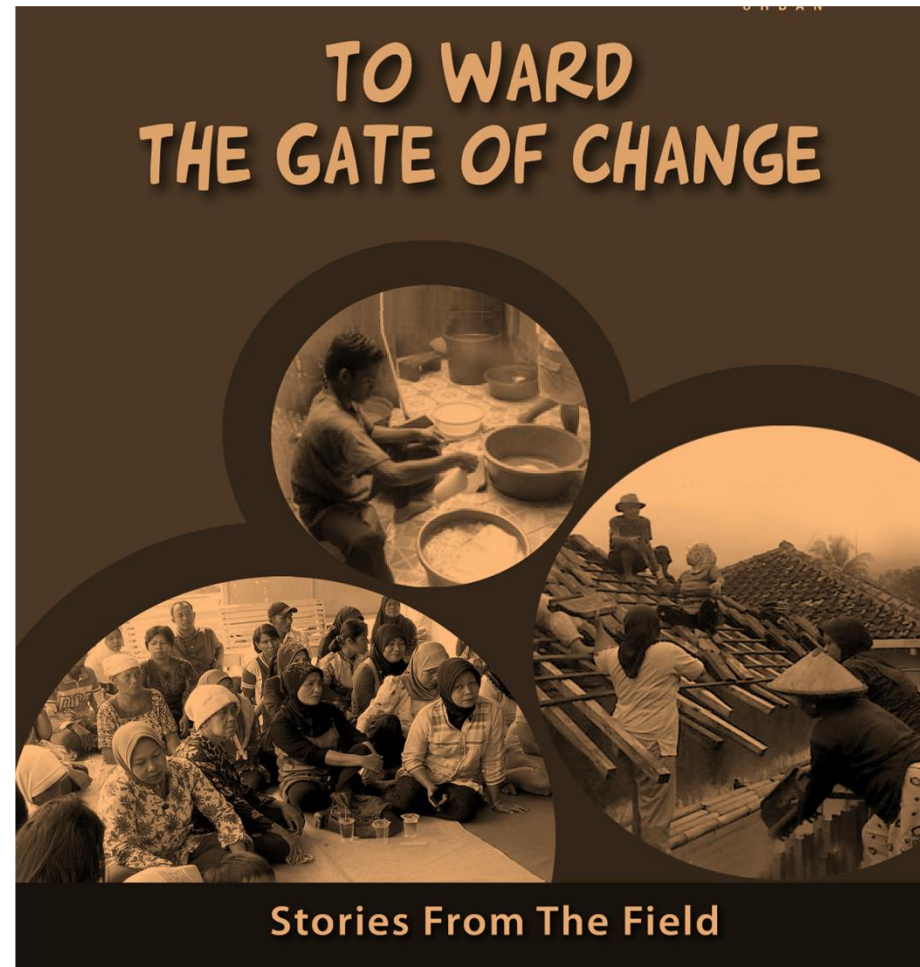
**Ministry of National Development Planning/
National Development Planning Agency
(Bappenas)**

May 6th – 8th, 2014

Schedule for this Session

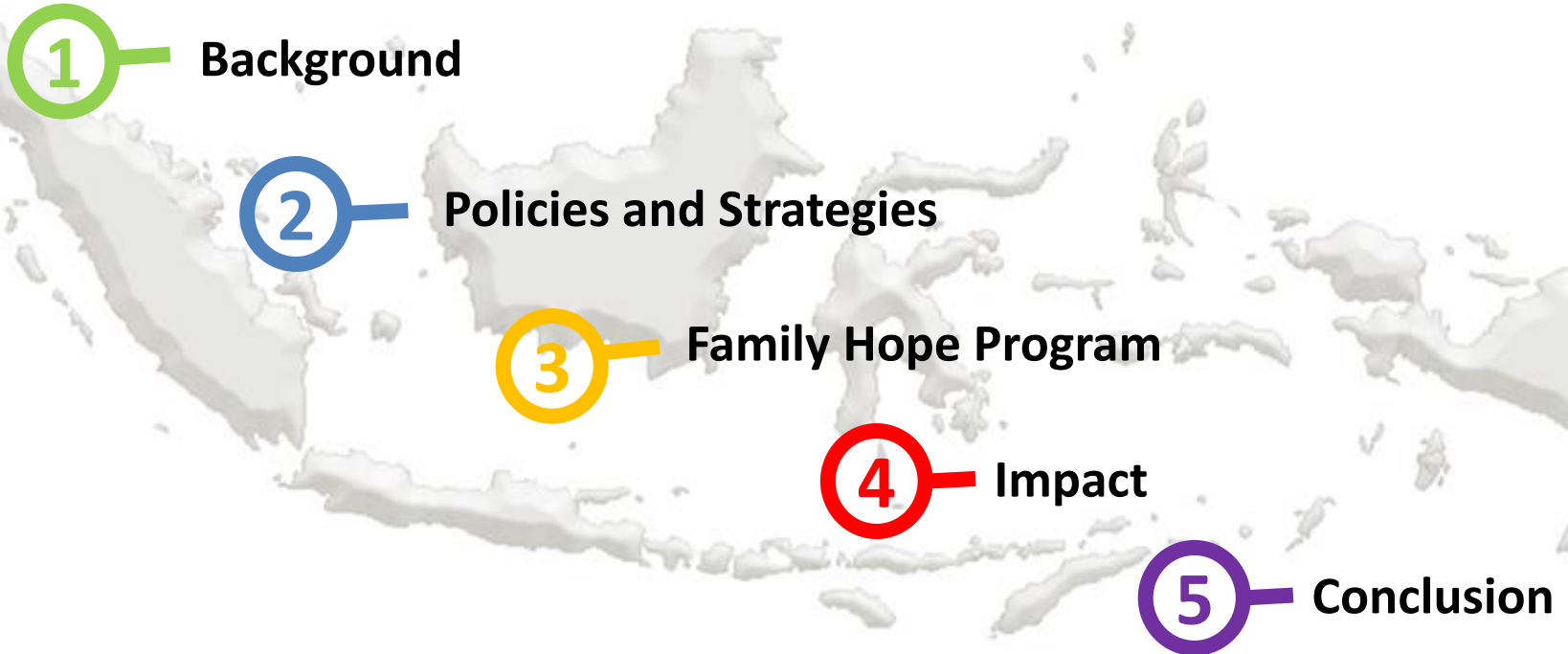


TIME	TOPICS
09.00 – 09.15	Video on CCT
09.15 – 10.15	Conditional Cash Transfers
10.15 – 10.30	Break
10.30 – 12.00	Social Security in Indonesia
12.00 – 13.00	Lunch Break

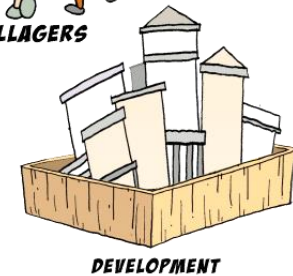
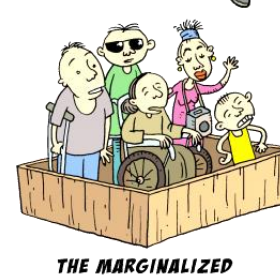
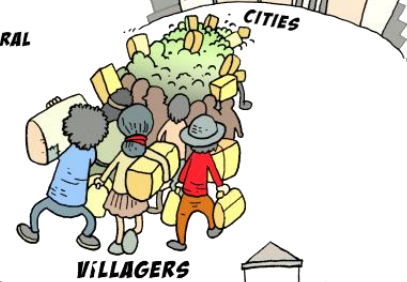
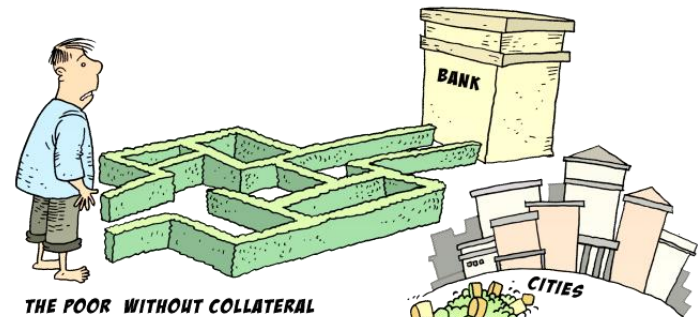
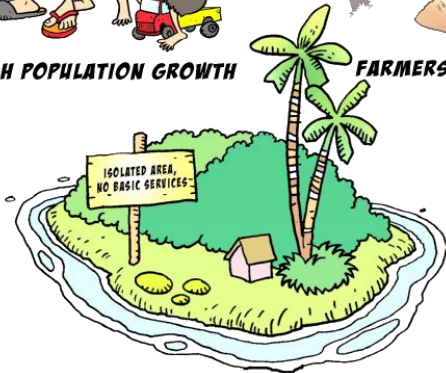


Today's Talk

Day Two – Session One



POVERTY REDUCTION CHALLENGES IN INDONESIA



Rationale of the Shift from UCT To CCT

1. To accelerate MDGs achievement

- ✓ child & maternal mortality rates, malnutrition, promote gender and education for all

2. To improve quality of basic service

- ✓ forcing the local government and sector to target services to the poor – complementary demand and supply

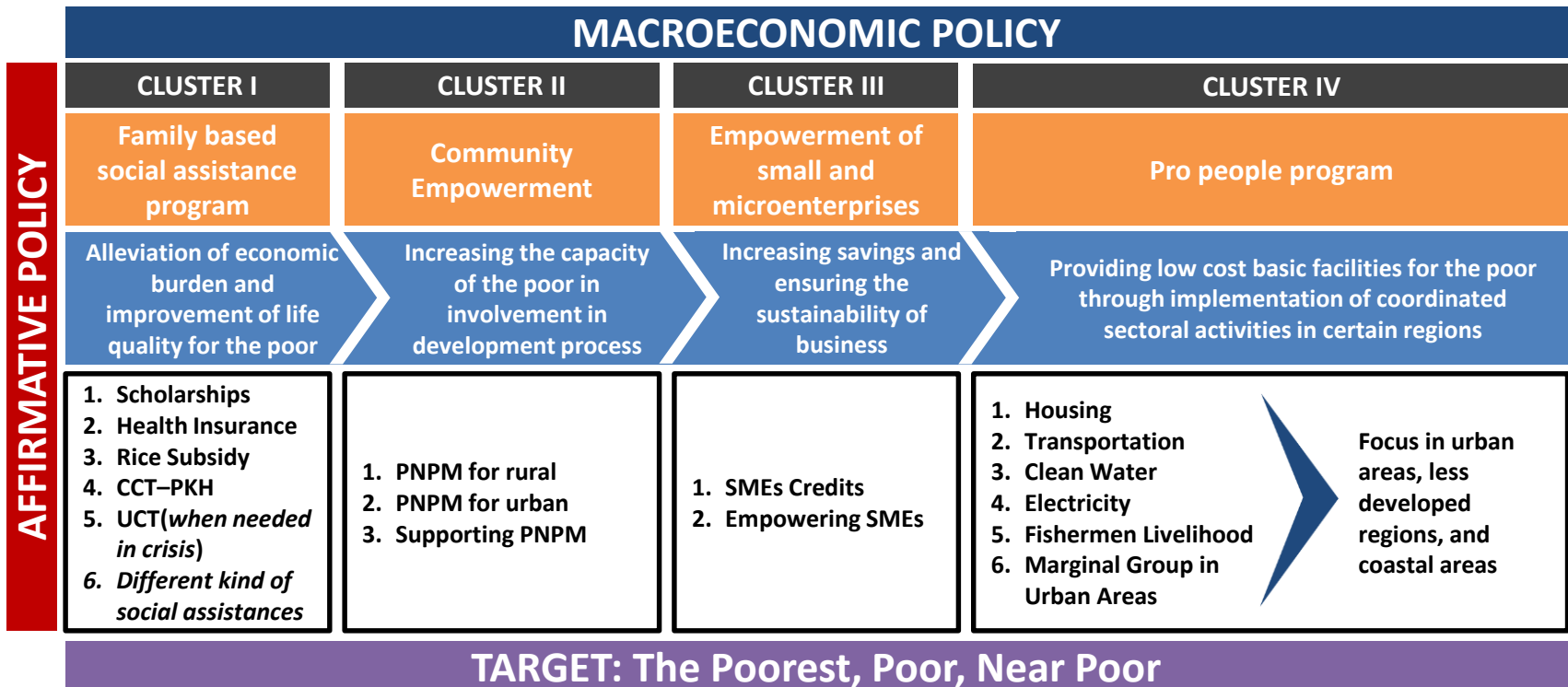
3. Discontinue the transmission of poverty to next generations

- ✓ encouraging families to improve the health and education outcomes of their children.



1. Cash transfers to the poor (income effect)
2. Strong conditional terms for investments in human capital (health/education) (price effect)
3. Insurance effect
4. Reducing child labor

Government Policy to Reduce Poverty



What is Family Hope Program?

Program Keluarga Harapan = Family Hope Program

PKH is social protection program providing cash transfers with conditions to Poorest Families

➤ **Conditions:**

- Pregnant mothers receiving pre-natal check-ups, newborns and toddlers received post-natal care and health check-ups
- Children (6 - 18 year) enrolling at primary and / or junior secondary school with a minimum attendance of 85% of schooldays.

➤ **Objective:**

- Contribute to the acceleration of MDGs
 - ✓ Break the circle of poverty chain for future generation
 - ✓ Reduce child and maternal mortality → Indonesia is among the highest in SE Asia.
 - ✓ Improve education attainment of poor
- Improve access to health and education services for the poor

PKH Coverage (2007 – 2013*)

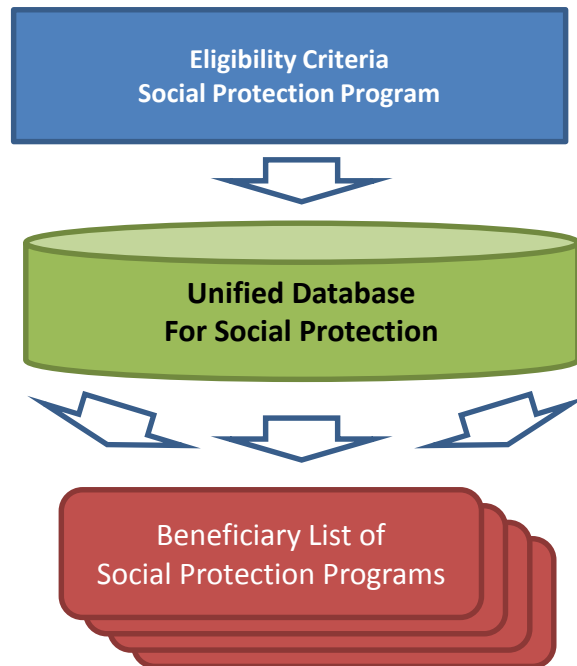


Note:
*Target in 2013
Household unit

PKH Coverage

	2007	2008	2009	2010	2011	2012	2013	2014
Number of Beneficiaries – Target (Million HHs)	0.50	0.64	0.72	0.82	1.12	1.52	2.40	3.20
Number of Beneficiaries - Realization (Million HHs)	0.39	0.63	0.73	0.77	1.05	1.49	-	-
Budget Allocation – Target (Billion Rp)	843.60	981.75	1,100.00	1,300.00	1,610.00	1,884.90	2,884.90	4,184.90
Budget Allocation – Realization (Billion Rp)	507.98	767.59	923.94	929.41	1,282.21	1,540.21	-	-
Province	7	13	13	20	25	33	33	33
District/Municipality	48	70	70	88	118	166	336	-
Sub-district	337	637	781	946	1,387	1,787	3,216	-
Village	4,311	7,654	9,295	10,998	16,154	21,471	-	-
Facilitator	1,305	2,448	3,036	3,452	4,823	6,712	11,132	-
Operator & Data Staff	195	282	337	458	659	890	1,141	-
Sub-Regional Coordinator	3	8	8	18	23	33	33	-
Regional Coordinator	-	-	-	2	3	3	3	-

National Targeting System Using Unified Database



*Set by each program. E.g. for PKH.
The criteria set by Minister of Social Affairs:
extreme poor households with elementary
school age children or pregnant mothers*

*Data by name & address,
containing the lowest 40% of population*

*Names and addresses of eligible beneficiaries
of the Social Protection Program*

PKH Design

ELIGIBILITY

CCT to the poorest households (based on PMT targeting) which have expecting or lactating mothers and children between 0-15 years old.

TIMELINE

PKH will be conducted from 2007 to 2020: Original design assumed beneficiaries remain in the system for a max of 6 years.

SPATIAL EXPANSION

Through phased expansion now reaches 33 provinces.

COVERAGE AND BUDGET

Total number of beneficiaries 2013 estimated at 2.4 million HHs at a cost of \$282.8 million; and for 2014 will target 3.2 million HHs at a cost of US\$ 410.3 million.

BENEFIT

Benefit ranges from a flat benefit of US\$ 78 (min) to max of US\$ 275 per household per year.

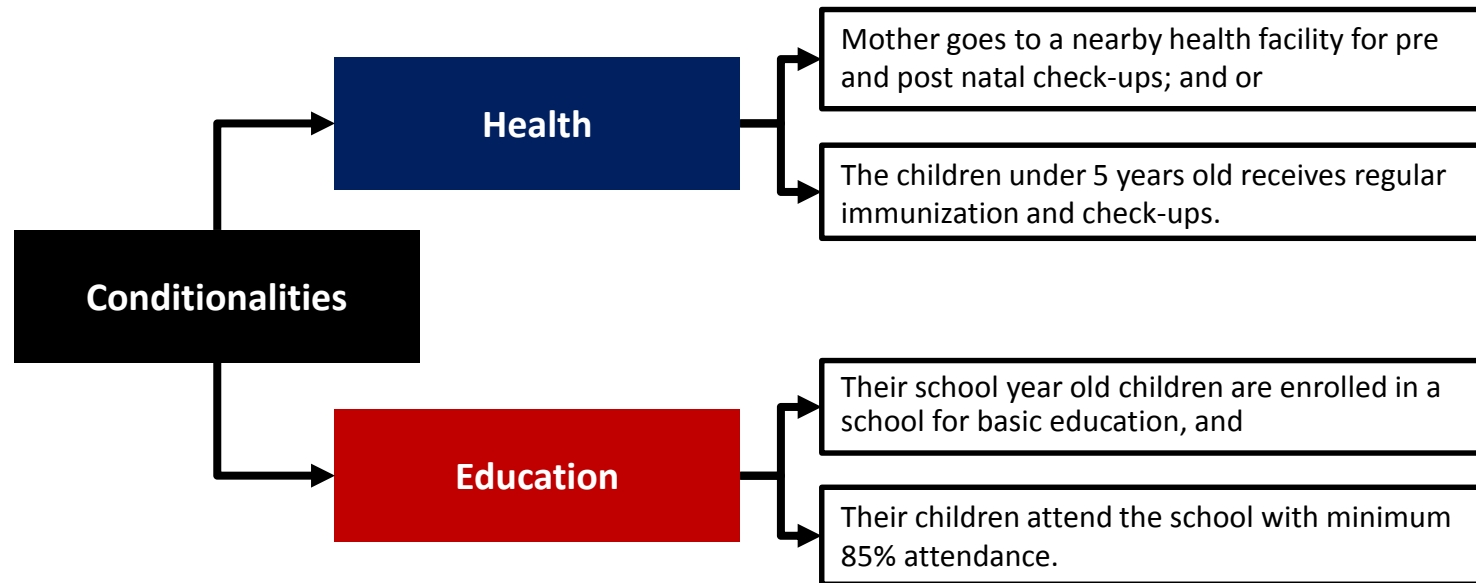
Note: macro state budget assumption US\$ 1 = Rp 10.200

Benefit Scenario

Benefit Scenario	Annual Benefit per Poor HH (up to March 2013)	Annual Benefit per Poor HH (starting Aug 2013)
Fixed Benefit	\$ 20	\$ 29
Additional Benefit for Poor HH who has:		
➤ Children under 6 years old	\$ 78	\$ 98
➤ Pregnant/lactating mother	\$ 78	\$ 98
➤ Children in elementary school age	\$ 39	\$ 49
➤ Children in junior secondary school age	\$ 78	\$ 98
Average benefit per poor HH	\$ 136	\$ 176
Minimum benefit per poor HH	\$ 59	\$ 78
Maximum benefit per poor HH	\$ 216	\$ 275

Note: macro state budget assumption US\$ 1 = Rp 10.200

Conditionality



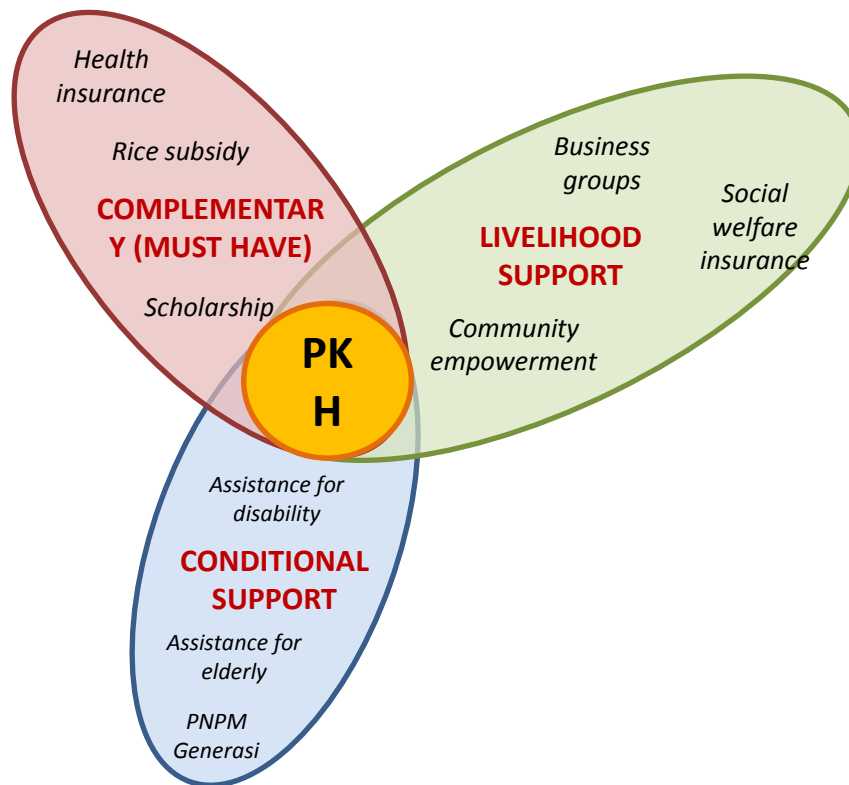
Penalties

Family Member	Not Satisfy the Commitments			Total
	1 Month	2 Months	3 Months	
All	10%	10%	10%	100%
Partially / Joint Responsibility	10%	10%	10%	30%

Note:

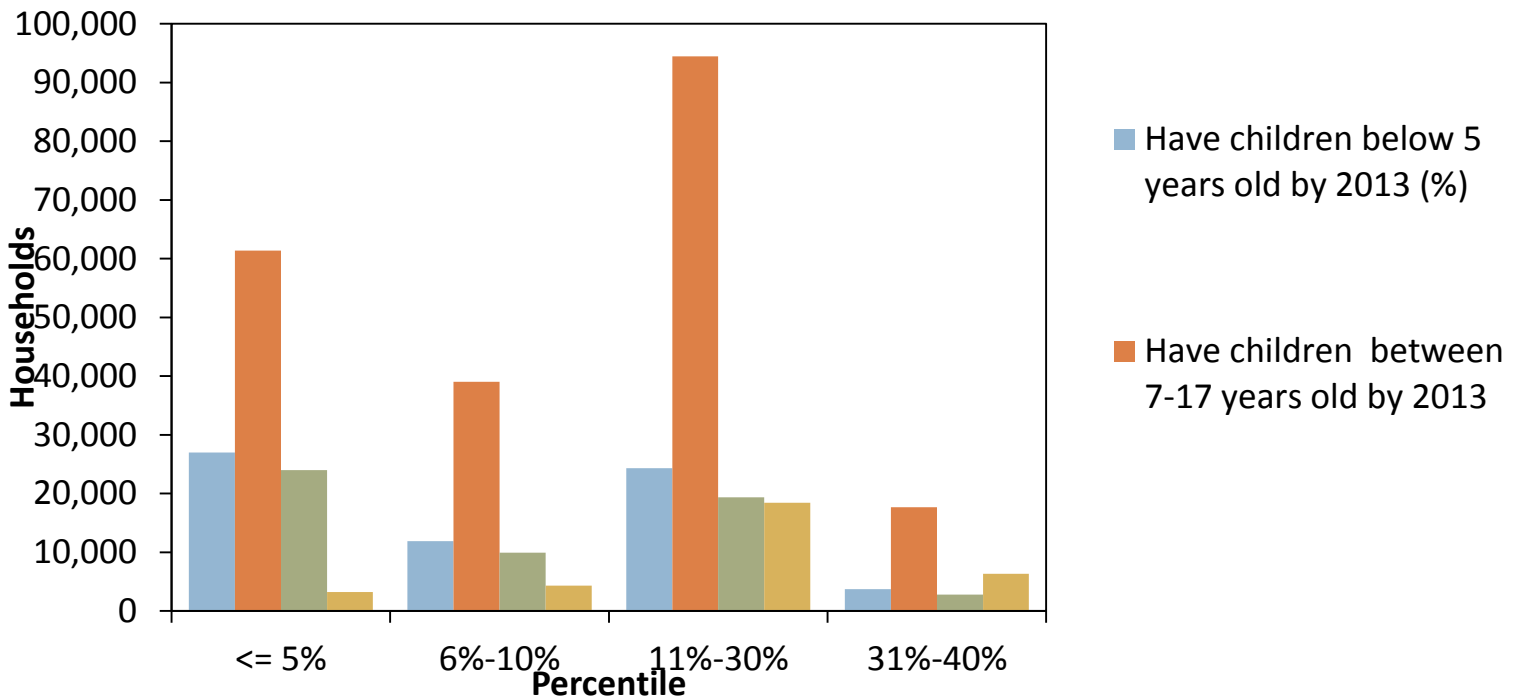
If the household does not satisfy the commitments during the 2 times payment phase in a row, the household will not receive the payment on the next phase and out of PKH membership.

Sustainable Program For PKH Beneficiaries



PKH beneficiaries have the support of several programs, both at the central and local government level. Thus, PKH beneficiaries can accumulate and allocate assets to more productive activities so they can get out of the poverty trap.

Economic Status of PKH 2007 Cohort – Eligibility Criteria



Transformation Strategy

Recertification

On the fifth year of membership, PKH beneficiaries will be recertified.

The recertification aims to assess the social status and eligibility of PKH beneficiaries.

Graduation:

The household who are not very poor and or not eligible

Transition:

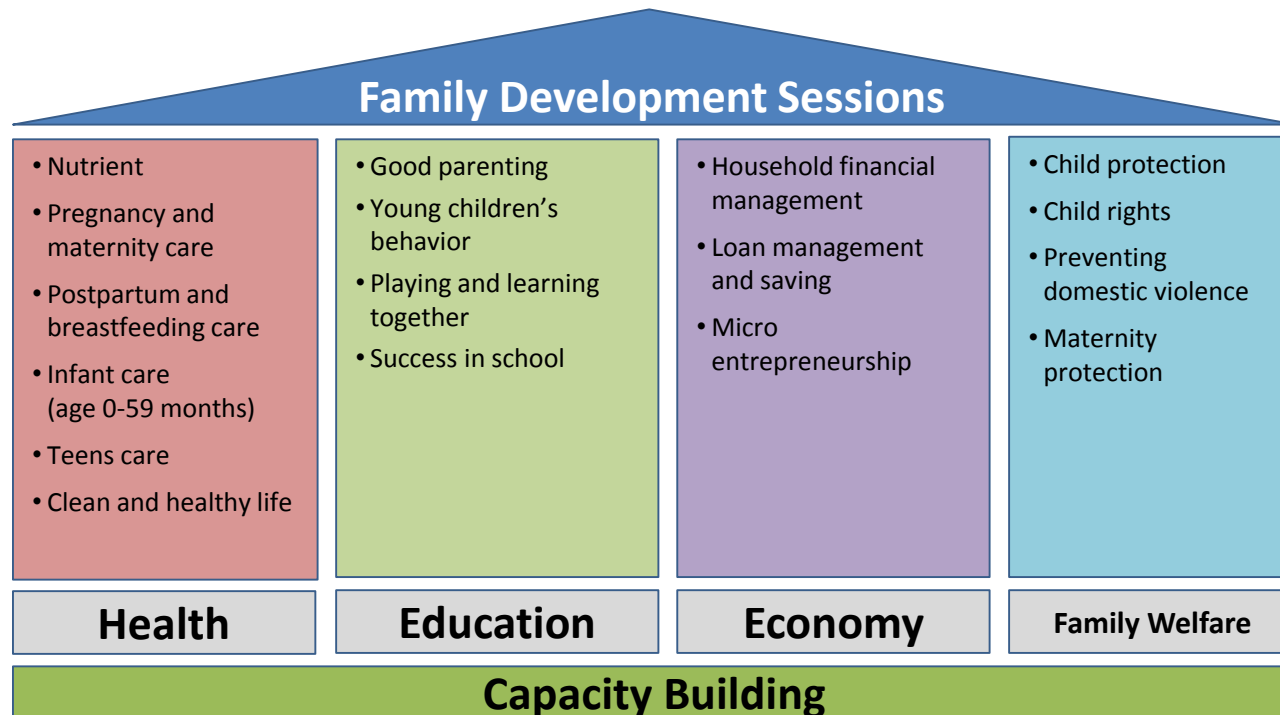
The household who are still very poor and eligible

		Very Poor	
		No	Yes
Eligible	No	<i>Graduation</i> <i>n</i>	<i>Graduation</i> <i>n</i>
	Yes	<i>Graduation</i> <i>n</i>	<i>Transition</i>

No longer receive assistance, but can still get the complementarity program (if still poor)

Still receive assistance for 3 years and empowerment program through **Family Development Sessions (FDS)** and other complementarity program

Family Development Sessions



Impacts/Results: Several Impact Evaluations

- Final Evaluation report on Social Security Program: Program Keluarga Harapan 2009 (BAPPENAS)
- PKH Final report on Spot Check PKH 2009 (Ministry of Social Affairs, PKH)
- PKH Spot Check 2010 (Research Centre of Health, University of Indonesia)
- PKH Final Impact Evaluation Report of Indonesia's Household Conditional Cash Transfer Program (World Bank, 2010)
- PKH Operational Assessment reports (Ayala & Tarcisio, 2010)
- ADB Pro-Poor Planning and Budgeting Project Working Paper 5 – Two case studies on implementing Indonesian CCT program (BAPPENAS)
- Qualitative Impact Study for PNPM Generasi and PKH on the Provision and the Utilization of Maternal and Child Health Services and Basic Education Services in the Provinces of West Java and East Nusa Tenggara (SMERU, 2011)
- PKH PER Report Draft (World Bank, 2011)
- Report on PKH Spot Check in 7 Districts (TNP2K, 2011)

Impact on Health

- Number of visit of pregnant/lactating mothers to the health facilities have increased 7-9 percentage points
- Number of babies/toddlers weighed have increased about 15-22 percentage points
- Delivery/labor process assisted by professional health staff increased 6 percentage of points
- Delivery/labor process at health facilities increased 5 percentage points
- Impact of PKH are more convincing in areas with better health facilities
- There is significant spillover effect of PKH on the utilization of health facilities at non PKH Sub Districts
- Impact in urban area are better than in rural area
- Long-term impact on health is not yet known. It can be seen after 1-3 years of program implementation



Impact on Education

- Increase children aged between 6-15 to attend the schools

- There is no significant increase of enrollment at primary or secondary schools level, due to:
 - Participation at primary schools have been high
 - Schedule of payments not synchronized with the schedule of enrollment (April-May);
 - Amount of payment are not enough for enrollment

- There is no significant spillover effect of PKH on the reduction of child labor.

- BUT PKH has Encouraged the local government to map the child labor, street children and children with special needs and to provide the suitable education facilities.



Challenges/Lessons

- Strengthening institutional development of PKH, the Social Ministry and partner agencies

- Main difficult issues include:
 - CCT staffing at central, regional, local
 - Recruitment and training of large number of required staff such as facilitators
 - Developing Management Information System (MIS)
 - Securing yearly budgets

- Transformation and convergence requires collaboration of many agencies and handling by other agencies such as local governments

- PKH is highly centralized but seen the need for strengthening the coordination between national, regional and district/municipal level

- Expansion to all districts in 2014, supply side issues may be present as many new areas are very poor (e.g. Papua and others)

Innovations in Governance of PKH

- Financial Inclusion (BRI 2011, branchless banking 2013)
- Unified Data Base (PPLS 2011)
- Complementarity Program (President Instruction No. 3 2010 – Justice for All)
- Improving Targeting From Household to Family (since 2012)

Conclusions On Governance of PKH

- PKH was important income support during 2008/2009 food and financial crisis
- PKH supports advocacy for the poor: ID cards, birth certificates
- PKH insist/achieves local governments to allocate budgets for social development
- PKH has successfully been integrated into other programs (convergences)



THANK YOU

